

FROM THE DESK OF JONATHAN WEISS

November 17, 2003 (Updated June 25, 2004)

Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

SENSITIVE

MUR# 5504

2004 AUG -4

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF THE
GENERAL COUNSEL
2004 AUG -3 P 1-1

Dear Sirs/Mesdames:

Re: Complaint - Violation of 11CFR 110.4, and Potential Other Violations of Election Law

I, Jonathan Weiss ("Complainant") was an employee of Karoly Law Offices, P.C. During the month of September of this year, Attorney John P. Karoly (Address: 1555 N. 18th Street, Allentown, PA, 18104; Phone: 610.820.9790; Fax: 610.820.9909), received fax notices from the office of Democratic Presidential Candidate Richard Gephardt explaining Mr. Karoly's pledge to raise "another" \$15,000 for the candidate's presidential campaign, signed by Mr. Gephardt himself or his assistant, Jeremy. Attorney Karoly's two sons Josh and John Peter, Jr., collected various checks within the office, and from outside sources, potentially from clients of the law firm (I am unsure if the clients were reimbursed, but am absolutely certain and did witness the office employees re-imbursement).

At that time, Mr. Karoly instructed a number of his employees to write personal checks of their own, which Mr. Karoly then re-imbursed them for the amount. I understand from others at Karoly Law Offices that they were all told to write personal "donations" for which they would be re-imbursed with company funds from Karoly Law Offices, P.C. I was not present at work on the day that this request was made, but did see within the offices two checks from other employees written to the Richard Gephardt campaign. The reason I know these were directives by Mr. Karoly is that one of the checks written by his secretary, Ms. Heather Kovacs, is a Republican and an avid supporter of the current president, and wrote the check simply based on her dependence on her work and relationship with Mr. Karoly.

All that aside, I am fully aware that the money was re-imbursed from company funds ("Karoly Law Offices, P.C.") by the Secretary, Jayann Brantley, who was instructed by Mr. Karoly to reimburse the campaign money.

Mr. Karoly had previously held a fundraiser for Mr. Gephardt, and again it is unclear if all the money which was raised in that first fundraiser in July of this year derived from true supporters, or simply clients of Karoly Law Offices, who have long-established relationships with him, and would do him favors at his request (possibly including Eric Darius, William Talbert, Nick Lazius, Frank Daddona, among others).

Mr. Karoly certainly violated the abovementioned campaign finance law, but I am unsure whether or not the others involved (who wrote the checks, knowingly and under pressure from Mr. Karoly) are also guilty of violation of the law. Personally, I hope they are not, since they are under his command and control.

The money asked for by Mr. Karoly from staff - and then later reimbursed with company funds - was funnelled. I am unsure if this is the first time this has happened in this office, but since Mr. Karoly has been a very powerful figure within the local Democratic Party establishment, his office staff have often been directed "write a check" to figures unknown or known to be political party officials, whether local or national.

ALLENTOWN, PA 18104

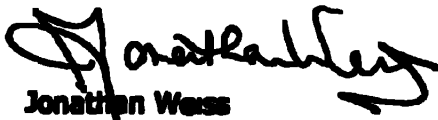
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Regarding this particular complaint, it is true and correct that money was demanded of employees and later given by Mr. Karoly to the employees in a re-imbursement scheme.

After review and research on your public website, I have identified the individuals involved in this funneling scheme attached hereto as "Appendix A."

I highly advise you to take investigative action without notice since Mr. Karoly has in the past had entire hard drives purposefully wiped-out and documents "disappear."

Sincerely,


Jonathan Weiss

Cc: rjk/fnc/dd

State of PA
County of Lehigh
By Jonathan Weiss

SWORN TO ME THIS
24 DAY OF July, 2004


NOTARY PUBLIC
My commission expires 3/19/2006

Notarial Seal
Joseph C. Midonick, Notary Public
City of Allentown, Lehigh County
My Commission Expires Mar 19, 2006

APPENDIX A

NOTE: ALL TRANSACTIONS ON SEPTEMBER 30, 2003, WERE REIMBURSED WITH COMPANY FUNDS OF KAROLY LAW OFFICES, P.C. TO EMPLOYEES. I AM NOT CERTAIN WHETHER THE OTHER DATE OF APRIL 17, 2003 WAS ALSO A SCHEME, HOWEVER BECAUSE OF THE PEOPLE INVOLVED, FURTHER INVESTIGATION MIGHT REVEAL A CAUSE OF ACTION ON THOSE "DONATIONS" AS WELL.

GEPHARDT FOR PRESIDENT INC.

Party: Democratic Party

PO Box 34607
Washington, DC 20043

<u>KAROLY, JOHN JR</u>	ALLENTOWN PA 18104	04/17/2003	2000.00	KAROLY LAW OFFICES/MANAGING PARTNE	<u>23991412713</u>
<u>KAROLY, JOSH E</u>	ALLENTOWN PA 18104	09/30/2003	2000.00		<u>23992120680</u>
<u>KAROLY, PETER</u>	ALLENTOWN PA 18102	04/17/2003	2000.00	PETER KAROLY & ASSOCIATES/ATTORNEY	<u>23991412714</u>
<u>KAROLY, REBECCA J</u>	ALLENTOWN PA 18104	04/17/2003	2000.00		<u>23991412714</u>

1. John Karoly, Jr. - Attorney; Managing partner of Karoly Law Offices where scheme took place.
2. Josh Karoly - son of Attorney John Karoly.
3. Peter Karoly - brother of John Karoly
4. Rebecca Karoly - wife of Attorney John Karoly.

<u>PAGLIANITE, GREGORY</u>	SCHNECKSVILLE PA 18078	09/30/2003	2000.00		<u>23992120984</u>
<u>PAGLIANITE, MARYELLEN</u>	SCHNECKSVILLE PA 18078	09/30/2003	2000.00		<u>23992120984</u>

1. Gregory Paglianite - works as paralegal at Karoly Law Offices; was directed to write a check who was reimbursed by Jayann Brantley, Secretary at the firm.
2. Maryellen Paglianite - wife of Gregory; her money was reimbursed from company funds, to Gregory (one check of \$4000 was written in reimbursement for them both).

<u>BRANTLEY, JAYANN</u>	COPLAY PA 18037	09/30/2003	2000.00		<u>23992120152</u>
<u>BRANTLEY, THEODORE</u>	COPLAY PA 18037	09/30/2003	2000.00		<u>23992120152</u>

1. Jayann Brantley - secretary at Karoly Law Offices; wrote personal check, reimbursed self, all at the direction of John Karoly, Jr., Esq.
2. Theodore Brantley - husband of Jayann;

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**KOVACS,
HEATHER**

ALLENTOWN PA 18103 09/30/2003 2000.00

23992120722

1. Heather Kovacs - longtime secretary, personal assistant, _____ of John Karoly, Jr., Esq.
She is devoutly loyal, but the fact is she is a Republican
and voting for George Bush.

**LIGOTTI,
CHRISTINA**

NORTHAMPTON PA 18067 09/30/2003 1500.00

23992120784

**LIGOTTI,
MATTHEW**

NORTHAMPTON PA 18067 09/30/2003 1500.00

23992120785

1. Christina Ligotti - medical paralegal at the law firm; directed to write a check for which she was reimbursed.
2. Matthew Ligotti - husband of Christina.

DALIUS, ERIC READING PA 19606 04/22/2003 2000.00

GAS UP USA/EXECUTIVE

23991412397

1. Eric Dalius - client of John Karoly: _____

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§ 110.4

11 CFR Ch. I (2-3-03 Edition)

except in connection with the retirement of debts outstanding at the time of the announcement.

(B) The individual is or becomes ineligible for nomination or election to that office by operation of law.

(C) The individual has filed a proper termination report with the Commission under 11 CFR 102.2, or

(D) The individual has notified the Commission in writing that the individual and his or her authorized committees will conduct no further campaign activities with respect to that election, except in connection with the retirement of debts outstanding at the time of the notification.

(ii) The limitations on contributions by persons shall not be exceeded by the transfer. The cash on hand from which the transfer is made shall be considered to consist of the funds most recently received by the transferor committee. The transferor committee must be able to demonstrate that such cash on hand contains sufficient funds at the time of the transfer that comply with the limitations and prohibitions of the Act to cover the amount transferred. A contribution shall be excluded from the amount transferred to the extent that such contribution, when aggregated with other contributions from the same contributor to the transferee principal campaign committee, exceeds the contribution limits set forth at 11 CFR 110.1 or 110.2, as appropriate, and

(iii) The candidate has not elected to receive funds under 26 U.S.C. 5005 or 5007 for either election, or

(B) [Reserved]

(7) The authorized committees of a candidate for more than one Federal office, or for a Federal office and a non-Federal office, shall follow the requirements for separate campaign organizations set forth at 11 CFR 110.5(d).

(d) *Transfers from nonfederal to federal campaigns.* Transfers of funds or assets from a candidate's campaign committee or account for a nonfederal election to his or her principal campaign committee or other authorized committee for a federal election are prohibited. However, at the option of the nonfederal committee, the nonfederal committee may refund contributions, and may coordinate arrangements with the candidate's prin-

cipal campaign committee or other authorized committee for a solicitation by such committee(s) to the same contributors. The full cost of this solicitation shall be paid by the Federal committee.

[24 FR 3412, Aug. 17, 1959, and 34 FR 4922, Nov. 24, 1959, 35 FR 370, Jan. 2, 1965]

§ 110.4 Contributions in the name of another; cash contributions. (2 U.S.C. 6412, 6413, 652(a)(1)).

(a) [Reserved]

(b) *Contributions in the name of another.* (i) No person shall—

(i) Make a contribution in the name of another,

(ii) Knowingly permit his or her name to be used to effect that contribution,

(iii) Knowingly help or assist any person in making a contribution in the name of another, or

(iv) Knowingly accept a contribution made by one person in the name of another.

(2) *Examples of contributions in the name of another include—*

(i) Giving money or anything of value, all or part of which was provided to the contributor by another person (the true contributor) without disclosing the source of money or the thing of value to the recipient candidate or committee at the time the contribution is made, see 11 CFR 110.2, or

(ii) Making a contribution of money or anything of value and attributing as the source of the money or thing of value another person when in fact the contributor is the source.

(c) *Cash contributions.* (1) With respect to any campaign for nomination for election or election to Federal office, no person shall make contributions to a candidate or political committee of currency of the United States, or of any foreign country which in the aggregate exceed \$100.

(2) A candidate or committee receiving a cash contribution in excess of \$100 shall promptly return the amount over \$100 to the contributor.

(3) A candidate or committee receiving an anonymous cash contribution in excess of \$50 shall promptly dispose of the amount over \$50. The amount over \$50 may be used for any lawful purpose.



Federal Election Commission

§ 110.6

unrelated to any Federal election, campaign, or candidate

[34 FR 24112, Aug. 17, 1969, and 34 FR 42222, Nov. 24, 1969, as amended at 34 FR 42222, Nov. 24, 1969, 25 FR 1122, Jan. 11, 1969, 37 FR 22222, Nov. 12, 1969]

§ 110.5 Aggregate bi-annual contribution limitation for individuals (2 U.S.C. 441a(a)(3)).

(a) *Scope* This section applies to all contributions made by any individual, except individuals prohibited from making contributions under 11 CFR 110.19 and 110.29 and 11 CFR part 115.

(b) *Bi-annual Limitations* (1) In the two-year period beginning on January 1 of an odd-numbered year and ending on December 31 of the next even-numbered year, no individual shall make contributions aggregating more than \$25,000, including no more than

(i) \$27,500 in the case of contributions to candidates and the authorized committees of candidates, and

(ii) \$27,500 in the case of any other contributions, of which not more than \$27,500 may be attributable to contributions to political committees that are not political committees of any national political parties.

(2) Contributions to candidates made under the increased contribution limitations under 11 CFR part 400, during periods in which such candidates may accept such contributions, are not subject to the contribution limitations of paragraph (b)(1) of this section.

(3) The contribution limitations in paragraph (b)(1) of this section shall be increased by the percent difference in the price index in accordance with 11 CFR 110.17. The increased contribution limitations shall be in effect for the two calendar years starting on January 1 of the year in which the contribution limitations are increased.

(4) In every odd-numbered year, the Commission will publish in the *FEDERAL REGISTER* the amount of the contribution limitations in effect and place such information on the Commission's Web site.

(c) *Contributions made in a non-election year* (1) For the purposes of this section, non-election year means a year other than the calendar year in which a particular election is held.

(2) For purposes of this section, any contribution to a candidate or his or her authorized committee with respect to a particular election made in a non-election year shall be considered to be made during the calendar year in which such election is held.

(3) For purposes of this section, any contribution to an unauthorized committee which is made in a non-election year shall not be considered to be made during the calendar year in which an election is held unless

(i) The political committee is a single candidate committee which has supported or anticipates supporting the candidate, or

(ii) The contribution is earmarked by the contributor for a particular candidate with respect to a particular election.

(d) *Independent expenditures* The bi-annual limitation on contributions in this section applies to contributions made to persons, including political committees, making independent expenditures under 11 CFR part 100.

(e) *Contributions to delegates and delegate committees* The bi-annual limitation on contributions in this section applies to contributions to delegates and delegate committees under 11 CFR 110.14.

[34 FR 24112, Aug. 17, 1969, and 34 FR 42222, Nov. 24, 1969, as amended at 37 FR 22222, Nov. 12, 1969]

§ 110.6 Earmarked contributions (2 U.S.C. 441a(a)(3)).

(a) *General* All contributions by a person made on behalf of or to a candidate, including contributions which are in any way earmarked or otherwise directed to the candidate through an intermediary or conduit, are contributions from the person to the candidate.

(b) *Definitions* (1) For purposes of this section, *earmarked* means a designation, instruction, or encumbrance, whether direct or indirect, express or implied, oral or written, which results in all or any part of a contribution or expenditure being made to or expended on behalf of, a clearly identified candidate or a candidate's authorized committee.

(2) For purposes of this section, *conduit or intermediary* means any person

Addendum

This is to confirm that on June 25th, 2004, at approximately 10:00 pm, I had a conversation with Heather Kovacs during which she confirmed that she was in fact reimbursed for the money which is referred to in this complaint.

Jonathan Weiss

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